

# **Principles and Guidelines for the FY 03 Planning and Budget Process**

## **I. General Caution**

The Commissioners Court joins many other elected and appointed officials in being concerned about the current uncertainty surrounding national security issues and its impact on the status of the economy. A more cautious approach toward budgetary planning and decision-making is likely to continue in FY 03 to ensure that sufficient resources are available in FY 04 and beyond. In anticipation of future economic downturns, County departments should prepare for a decreased growth in resources in contrast to recent years.

The Commissioners Court wishes to alert departments that the standards will be much higher during the review of requests for additional FTE's, making the likelihood of receiving new hires much more limited than in years past unless it involves Court-approved internal reallocations. Departments continue to be encouraged to reprioritize existing resources and to address the phasing of any FTE increases over multiple years in any requests that they believe are particularly compelling.

## **II. Planning and Budget Principles**

The FY 03 planning and budget process will be shaped by these two key principles:

### **A. Live Within Current Resources**

Departments are expected to live within the resources allocated in the FY 03 Target Budget Level, and are encouraged to meet new needs by reducing expenditures elsewhere to remain within their FY 03 Target Budget Level. The Commissioners Court expects departments to shift their existing resources to maximize positive programmatic impact. Departments with no additional personnel or operating requests above the FY 03 Target Budget Level will only need a minimum amount of staff time to be dedicated to the budget process.

### **B. Focus the Requests**

In recognition of the population growth in Travis County and the demand that growth has placed on both internal and external County services, some departments may wish to submit requests for funding beyond the FY 03 Target Budget Level. Historically, the percentage of new approved FTEs has been very small in comparison to the number of FTEs requested. In addition, the availability of General Fund resources has historically outstripped the requests for such funding by a wide margin. In the event that departments see no choice except to ask for additional resources, then priority for reviewing budget requests will be given to the following:

- Funding needed to maintain existing services and programs in light of documented workload growth and sound program performance to ensure that the County infrastructure is in place to deliver those services.

- Proposals that generate certifiable revenue in excess of the cost of the request.
- One-time expenditures designed to increase program effectiveness or efficiency.

If departments intend to request new or expanded programs, they should discuss such proposals with the Commissioners Court well before their budget submission in early May, 2002. In order to have funding for such programs assured, departments should also secure firm direction from the Court prior to May, 2002 and have instructions provided to PBO to include such programs in the Preliminary Budget.

Departments should concentrate on the above categories as they will be the focus of most attention during the budget process. Given the time constraints inherent in the budget process, requests that do not fall into the categories above will not have substantial commitments of time provided to them during the budget request reviews.

### **III. General Guidelines for the Process**

#### **A. Countywide Fiscal Needs**

The Commissioners Court will prioritize Countywide fiscal issues, including meeting FY 03 compensation needs, and ensuring that the County's reserves are at appropriate levels.

#### **B. Budget Deadlines**

The Commissioners Court has indicated that it does not like surprises and prefers to consider timely requests. Proposals submitted after established budget deadlines will not be considered for inclusion in the FY 03 Preliminary Budget.

#### **C. Submission of Budgets at the FY 03 Target Budget Level**

The Commissioners Court has directed all departments to submit a FY 03 budget at the FY 03 Target Budget Level. The FY 03 Target Budget Level is the FY 02 Adopted Budget adjusted for:

1. The allocation of any FY 02 annualization amounts including scheduled POPS increases;
2. The reduction of any one-time costs that were additional appropriations in FY 02, including one-time performance based pay in accordance with the Commissioners Court's policy;
3. The inclusion of any mid-year Commissioners Court actions to modify the department's Target Budget Level;
4. Any errors or omissions; and
5. Any major governmental actions (such as annexations) that will have a substantial impact on resource requirements

The calculation made for one-time performance based pay will be an estimate made for planning purposes. Departments will be provided an opportunity in their FY 03 budget request (submitted in May 2002) to have this estimate modified based on actual payments.

Departments will be provided with the total amount of their FY 03 Target Budget Level in February, 2002. The overall funding allocation will be controlled at the Executive Manager level for those departments that report to an Executive Manager.

If the departments do not submit their baseline FY 03 budget request within the FY 03 Target Budget Level, then the Planning and Budget Office will develop a budget recommendation for the department that meets that requirement. If the department or Executive Manager submits their baseline FY 03 budget request below the FY 03 Target Budget Level, PBO will establish the department's budget at the level submitted by the department. Any funds above the amount submitted by the department will become available county resources.

#### **D. Budget Flexibility**

The Commissioners Court is interested in fostering a climate in which departments have sufficient flexibility to meet programmatic needs using a fixed amount of resources. During the FY 03 budget process, the Commissioners Court wishes to provide all officials with the flexibility to propose rearranging their existing resources internally to use permanent savings for ongoing costs. PBO will review the impact of reallocations. For example, temporary savings may only be proposed for one-time expenses. In addition, the Commissioners Court expects the Planning and Budget Office to review such proposed internal reallocations to ensure that they are first dedicated toward meeting the maintenance of current effort needs in existing services and programs before reallocating resources to enhance existing programs or create new programs. In the event there is a question about the internal reallocation of departmental resources, PBO and the departments are encouraged to seek early guidance from the Commissioners Court.

Departments will continue to be able to leave a position open temporarily without losing the slot. Departments that reallocate existing resources to result in a net increase in FTE's will need to submit a full justification of the increase in staffing. However, it is more likely that requests for additional staffing will be funded if the department can identify existing resources to meet this need.

#### **E. Revenue Generating Proposals**

Departments are encouraged to submit plans or proposals that will generate additional revenue or reduced costs for the County. The certification of revenue for the budget process is handled by the County Auditor's Office, and any plans to generate new money must be submitted to the Auditor and comply with applicable rules. It is important for departments to work with the Auditor's Office early in the budget process, especially when expenses are tied to revenue. Specifically, departments must submit revenue information directly to the Auditors Office at the time their expense budgets are due to PBO.

Departments that take a leadership role in the generation of additional certifiable revenue will be given priority by the Commissioners Court in the appropriation of funds for all new expenses or programs that may be tied directly to that revenue. The Planning and Budget Office encourages departments to generate new certifiable revenue for new or existing programs. When all the expenses (including space or

infrastructure expenses) are less than the new certifiable revenue, PBO expects that such expenses will be included within the Preliminary Budget.

#### **F. Increases Expected to be Funded Centrally by the Commissioners Court**

The Commissioners Court expects to provide funding for the results of the Market Salary Survey for FY 03, and may provide some centralized funds for other categories of increased compensation-related expenditures outlined below. Should such funds be available, then the Planning and Budget Office will allocate by department the costs listed below during the budget process, and departments will not be required to internally fund the following increases within the FY 03 Target Budget Level.

1. Compensation increases that may result from a percentage increase to address other compensation needs (see Section G below). Departments should assume that the amounts available to meet these needs will be less than in recent years;
2. FY 03 Peace Officer Pay Scale (POPS) and career ladder increases; and
3. Employee benefit cost increases such as health insurance and retirement.

The departments will need to submit to the Planning and Budget Office the cost of the FY 03 POPS and related add-pay increases as well as any FY 03 career ladder increases with their FY 03 budget submission. The Commissioners Court established the basic design of the POPS scale in FY 02 and this scale will be used for budgetary planning purposes in FY 03, along with matching the Sheriff's Law Enforcement officers to the APD pay scale as of 10/1/01. Please note that the annualized FY 02 POPS increases will be included within the FY 03 Budget Target Level.

#### **G. Compensation Increases**

It is expected that a Market Salary Survey will be conducted in accordance with the goal to ensure that such surveys are conducted each year for approximately one-third of the workforce. This means that some funds may be necessary for Market Salary Survey needs. It is also anticipated that there will be some percentage of each department's eligible employee salary base) that will be needed to address the departments' other compensation needs. These needs include Performance Based Pay, restructuring, reorganizations that are not internally funded within the department's Target Budget Level, and other personnel needs. It is expected that the Commissioners Court will address the eligibility criteria for such compensation increases in Spring, 2002. It is the intent of the Court to comply with current compensation policies unless economic circumstances do not allow the Court to do so.

Estimates will be made in Spring, 2002 of the amount that may be needed for Market Salary Survey needs as well as funds available for general compensation increases (based on a percentage of a department's eligible employee salary base). These estimates will be an important component of the Commissioners Court's establishment of the FY 03 budget parameters.

#### **H. Performance Measures and Programmatic Impact**

The Commissioners Court expects that departments will be able to show the specific programmatic impact and outcomes of funding new or expanded programs on key performance measures. Performance measures should be tied directly and clearly to the goals of the department and reflect specific outcomes whenever possible. The programmatic impact of new or expanded programs needs to be thoroughly demonstrated.

#### **I. Annualizing the Cost of New Positions and Programs**

New positions or programs added to the budget will be budgeted on an annualized basis. This will avoid having the County's budget automatically increase in subsequent years for such positions or programs. If the starting date is later than the beginning of the fiscal year, a reserve will be established in the General Fund or in any given special fund to ensure sufficient funds are available in FY 04.

#### **J. Vehicles and Computers**

Vehicles and personal computers will continue to be budgeted centrally in TNR and ITS respectively. Vehicles will be replaced in accordance with the Vehicle Replacement Policy and available resources. Personal computers will be replaced by ITS in accordance with an inventory of such computers provided by the departments, and a planning schedule based on the age of the computer as well as available resources. For planning purposes, it should be expected that computers will be replaced approximately every four years. The Court wishes to match computer network capabilities with the computing strength of replaced PC's.

#### **K. Long Term Strategic Planning**

The Commissioners Court encourages elected and appointed officials to develop long term strategic plans for their departments. Such plans can be the basis for broader planning across functional areas. It also helps the Commissioners Court review requests for additional funding relative to County-wide strategic directions and set priorities accordingly. These plans are an effective means for departments to communicate their priorities and directions to the Commissioners Court.

The necessary components of such a strategic plan include a mission, goals, objectives, strategies and multi-year performance measures that tie to the department's goals and objectives. Such plans should also relate financial requirements to the meeting of such goals and performance measures over time. Departments are encouraged to involve key stakeholders such as the public and advocates for change in the development and evaluation of their plans.

These plans will provide a multi-year strategy for the County to meet its goals and priorities, and facilitate budgetary appropriations over multiple years. They will also help to account for the long term implications of budgetary allocations, and ensure appropriate infrastructure support. Elected and appointed officials are encouraged to annually evaluate programs and services, and help eliminate programs and services that are not meeting expectations.

**Approved by Commissioners Court on January 29, 2002.**